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WILLOUGHBY & HOEFER, P.A.

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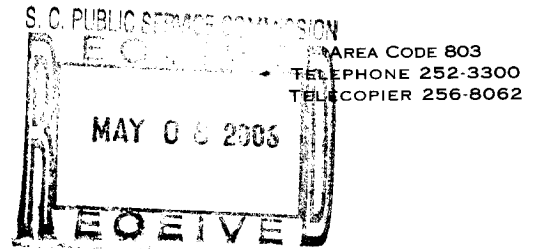
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May 5, 2006



*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

VIA ELECTRONIC MAIL & U.S. MAIL

The Honorable Charles Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Request for Investigation to Determine Whether a Regulation Should Be
Promulgated Requiring Relocation of Certain Meter Sets or Installation of Splash
Guards on These Meter Sets; Docket No. 2005-270-G

Dear Mr. Terreni:

Enclosed please find an original and eleven (11) copies of SCE&G's Memorandum in Support of ORS's Petition for Reconsideration and Motion for Clarification and in Response to Jan Ayer's Response to ORS's Petition in the above-captioned matter. Please accept the original and ten (10) copies for filing. Please acknowledge your receipt of these documents by file stamping the extra copy enclosed and then return the file-stamped copy in the pre-paid envelope provided.

PJG
By copy of this letter, I am also serving counsel for the Office of Regulatory Staff with this memorandum as well as all other intervenors of record and attach a certificate of service to that effect.

If there are any questions regarding this matter, please advise.

Very truly yours,

WILLOUGHBY & HOEFER, P.A.

Paige J. Gossett
Paige J. Gossett

PJG/amw
enclosures

(Continued . . .)

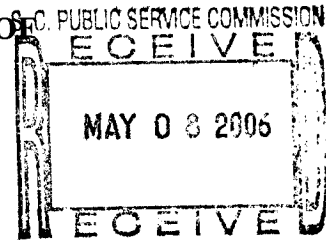
cc: James H. Jeffries IV, Esquire (via electronic mail & U.S. mail)
Kerry McTigue, Esquire (via electronic mail & U.S. mail)
Paul W. Dillingham, Esquire (via electronic mail & U.S. mail)
Jan M. Ayer (via electronic mail & U.S. mail)
Shannon B. Hudson, Esquire (via electronic mail & U.S. mail)
Patricia B. Morrison, Esquire (via electronic mail & U.S. mail)
Maureen Floyd, Esquire (via U.S. mail)

BEFORE

THE PUBLIC SERVICE COMMISSION OF S.C. PUBLIC SERVICE COMMISSION

SOUTH CAROLINA

DOCKET NO. 2005-270-G



IN RE:

Request for Investigation to Determine
Whether a Regulation Should Be
Promulgated Requiring Relocation of
Certain Meter Sets or Installation of
Splash Guards on These Meter Sets

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day one (1) copy of **SCE&G's Memorandum in Support of ORS's Petition for Reconsideration and Motion for Clarification and in Response to Jan Ayer's Response to ORS's Petition** via electronic mail and by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

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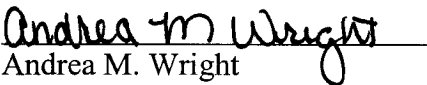
Jan M. Ayer
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Patricia B. Morrison, Esquire
South Carolina Electric & Gas Company
1426 Main Street, MC 130
Columbia, SC 29201
tmorrison@scana.com

This is to further certify that I have caused to be served this day one (1) copy of **SCE&G's Memorandum in Support of ORS's Petition for Reconsideration and Motion for Clarification and in Response to Jan Ayer's Response to ORS's Petition** by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

Maureen Floyd, Esquire
Fleming Jackson Ingram & Floyd
461 Greene Street
Augusta, GA 30901


Andrea M. Wright

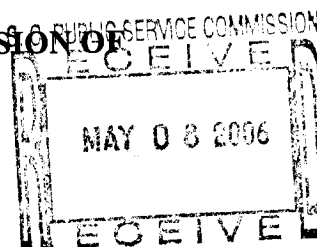
May 5, 2006
Columbia, South Carolina

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2005-270-G



IN RE:)	
)	
Request for Investigation to Determine)	SCE&G'S MEMORANDUM IN
Whether a Regulation Should Be)	SUPPORT OF ORS'S PETITION
Promulgated Requiring Relocation of)	FOR RECONSIDERATION AND
Certain Meter Sets or Installation of)	MOTION FOR CLARIFICATION
Splash Guards on These Meter Sets)	AND IN RESPONSE TO JAN AYER'S
)	RESPONSE TO ORS'S PETITION

South Carolina Electric & Gas Company ("SCE&G" or "Company") files this memorandum in support of the petition of the Office of Regulatory Staff filed on April 13, 2006 for reconsideration of the Commission's Order in this action filed on March 23, 2006,¹ and in response to Intervenor Jan Ayer's Response to Petition for Reconsideration and Motion for Clarification filed on April 24, 2006. SCE&G supports ORS's request for reconsideration as to the Commission's directive that its staff study the \$5,000 property damage reporting requirement in 26 S.C. Code Ann. Regs. § 103-415 (Supp. 2005) with an eye towards lowering that threshold in the future. SCE&G agrees with ORS that the threshold should not be lowered.

In addition to the reasons advanced by ORS, SCE&G respectfully submits that lowering the threshold would result in time, resources, and expenses of the Commission, ORS, and gas utilities being devoted to the reporting, investigation, and adjudication of incidents that ordinarily are corrected by gas utilities as a part of their routine maintenance. For example, in 2005,

¹ The Commission's original order was issued on March 23, 2006 but was inadvertently dated March 23, 2005. An Amended Order filed on April 5, 2006 corrected the issuance date. Both orders are collectively referred to herein as the "Order."

SCE&G repaired approximately 4,300 broken gas lines resulting in gas leaks. If the threshold were lowered to \$1,000 (as it stood prior to 1986), or if there was no threshold as proposed by Ms. Ayer, these routine repairs would require reporting by SCE&G and investigation by ORS.

The \$5,000 threshold seems an appropriate level for the Commission to require reporting and investigation. This threshold captures most incidents resulting in extensive property damage but does not encompass those minor, run-of-the-mill maintenance items such as the repair of gas leaks which have been effectively remedied by the gas utilities without the requirements of reporting and investigation.

Further, lowering the threshold will not address the subjective nature of the appraisal process, which is inherent regardless of the amount. In other words, whether the threshold is \$1,000 or \$5,000 or some other amount, the assessment of damage on site will be somewhat subjective based upon the damage that is apparent at the time of the appraisal.

With specific regard to Intervenor Ayer's response, SCE&G feels compelled to point out that it was unaware that Ms. Ayer claimed that the incident that occurred at her residence resulted in more than \$5,000 worth of damage until Ms. Ayer filed her testimony in this proceeding, as she has never filed a claim for damages with the Company. Additionally, Ms. Ayer's statement in her memorandum that "the utility company deemed that they had no Number 12 meters affected by water around August 23, 2005" is not accurate. As testified to by Mr. Martin Phalen, SCE&G's survey of its gas meters in response to the incident at Ms. Ayer's residence focused only on identifying Type 12 meter sets and did not attempt to identify meters affected by water, since, out of an abundance of caution, SCE&G intended to remediate all Type 12 meter sets regardless of whether the sets were affected by excessive water. [Martin K. Phalen Direct Test. at 3:11-4:2; Hearing Tr. at 81:3-5, Docket No. 2005-270-G (Jan. 19, 2006).]


Accordingly, zero meter sets were identified as being affected by water because the Company simply intended not to limit its remediation plan based on such an assessment. [See Hearing Tr. at 84:10-14, Docket No. 2005-270-G (Jan. 19, 2006).] Similarly, Ms. Ayer's statement in her memorandum that the Company "incorrectly identified 10,273 meters" mischaracterizes the nature of the Company's remediation efforts. As testified to by Mr. Phalen, during the stage of the remediation efforts where Type 12 meters were being identified, the Company instructed meter readers, out of an abundance of caution, to report any meter that they believed could be a Type 12 configuration. [Hearing Tr. at 82:4-18, Docket No. 2005-270-G (Jan. 19, 2006).] During the next stage of the remediation project, the meters identified by the meter readers as potential Type 12 sets were checked by Company employees with expertise in meter configuration. Of the 18,797 meters identified by meter readers as *potential* Type 12 sets, only 8,524 sets were actually Type 12. Accordingly, it was not negligence, but over caution, that resulted in more meter sets being originally identified as potentially problematic than was actually the case.

For the foregoing reasons, SCE&G respectfully requests that the Commission reconsider its order of March 23, 2006, and omit the directive to its staff to study the \$5,000 reporting requirement with an eye toward lowering it.

[SIGNATURE PAGE FOLLOWS]

Respectfully submitted,

Patricia Banks Morrison
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A handwritten signature in black ink, appearing to read "Paige J. Gossett", written over a horizontal line.

Paige J. Gossett, Esquire

Willoughby & Hoefer, P.A.

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May 5, 2006
Columbia, South Carolina